Automotive News

January 11, 1988

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Ford tops Chevy in sales war

First win since '57 in non-strike year

By David Versical and Michelle Krebs
AUTOMOTIVE NEWS STAFF REPORTERS

Longtime division rivals Ford and Chevrolet are stepping into 1988 giving early signs of another dogfight for the industry sales crown.

For the first time in three decades, though, Ford is beginning a new year as the undisputed champion rather than the challenger.

Ford tallied 2,869,861 car and truck sales for 1987, good enough to top Chevy (2,692,246) for the first time in a non-strike year since 1957. Ford won in 1959 when Chevrolet was crippled by a steel strike; Ford made much of its own steel. And Ford was on top in 1970 when a UAW strike shut General Motors for two months.

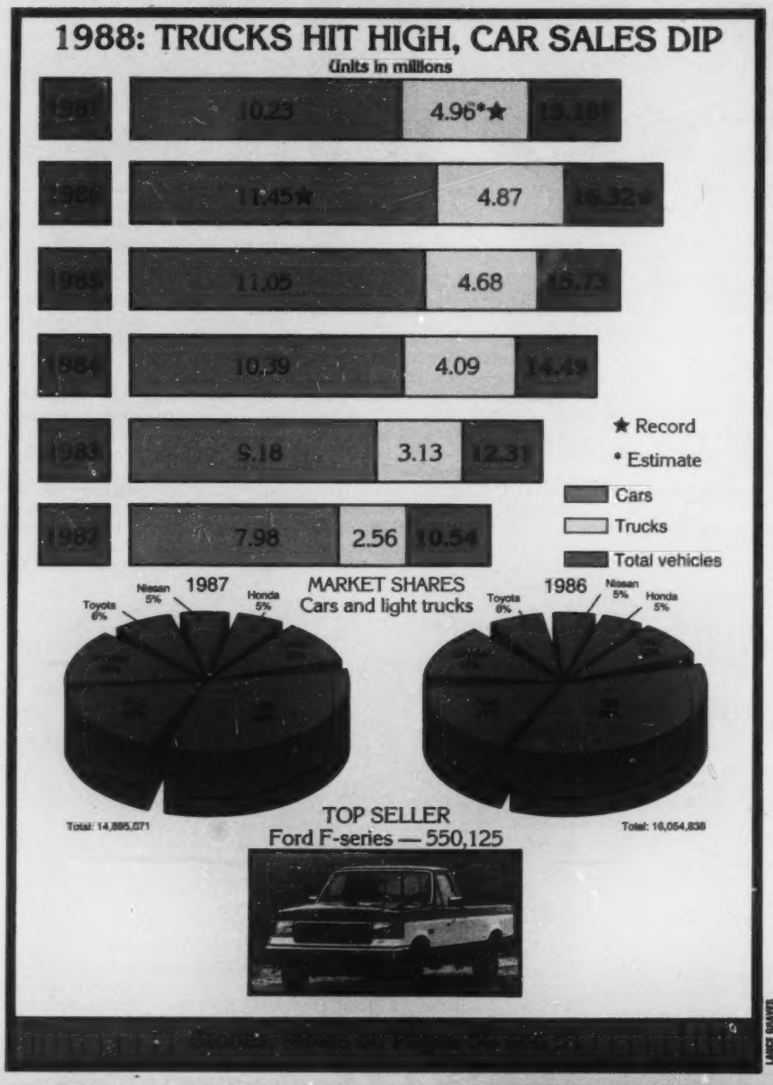
Ford boosted its 1987 market share to 13.9 percent on the car side and 29.1 percent on trucks, the company said.

Chevy, though it sold more cars than Ford during the year, gave up market share while recording 218,000 fewer car sales in 1987 than it did the previous year. Its share of the light-truck market fell by more than 1.5 points.

But the division already is charting its counterattack.

"Chevrolet has been and will be a competitive force in the market," said Thomas Staudt, general marketing manager, at GM's grand product display in New York. "One

see SALES WAR, page 51



LANCE GRAVES

GM awaits major pact with China

By Michelle Krebs and Mary Ann Maskery
AUTOMOTIVE NEWS STAFF REPORTERS

General Motors is expected to announce "within weeks" a major deal in China that would ultimately result in production of commercial vehicles, automobiles and components.

The agreement could involve Fuji Heavy Industries, the maker of Subaru cars, a company with which GM has not previously worked.

GM President Robert Stempel said GM is awaiting final approval from the Chinese government. A series of proposals is being examined by the Chinese government.

Meanwhile, in Japan, Fuji said it is conducting a "pre-feasibility study" along with GM and a Chinese company called Second Automobile Works in Sian on the production of small cars in China.

Stempel declined to identify any possible joint-venture partners, saying GM has talked to a number of companies.

The announcement, which may be made later this month, would outline an overall plan, the details of which would be worked out later.

Fuji said the objective of the study is a project that would require the cooperation of all three — GM, Fuji and the Chinese automaker. But Fuji said nothing has been decided on details such as scale, investment levels or dates — or even how the three parties would participate.

Japanese press reports, however, are already offering details, such as an overall project cost of $4.1 billion and a production goal of 300,000 units a year of a 1.5-liter model.

The reports said Fuji would be responsible for the technological end of the project and that GM would provide financial assistance.

Most reports said that the Chinese called GM into the picture. Analysts suggested the Chinese may be looking for a stronger financial package

see CHINA, page 48

GM show called good start

Cars, programs applauded at image-boosting event

By Michelle Krebs
AUTOMOTIVE NEWS STAFF REPORTER

NEW YORK — A sampling of the 14,000 guests who attended General Motors' show at the Waldorf-Astoria Hotel last week described the event in a single word: impressive.

But now that it is over, they were quick to add, GM has to produce results.

Most attendees interviewed by Automotive News said the show did what it was designed to do:

It showed off present and future products that are not the look-alikes of GM's recent past. It provided proof that the investment in modernization and technology is paying off. It demonstrated that union-management relations are much improved. It boosted the morale of dealers and employees as well as the confidence of suppliers and some financial analysts.

And perhaps it even elevated GM's public image — an image that has been badly damaged by sagging sales and profits and incidents like the $750 million buyout of Electronic Data Systems founder H. Ross Perot.

One corporate executive attending the black-tie dinner Tuesday for business, government and community leaders said he admired GM for the gutsy effort, particularly in light of the bad press the automaker has received in the past few years.

Ann Knight, auto analyst for Paine Webber Inc., noted that a substantial part of GM's problem has been its image.

"There's a risk that the show will be viewed as an extravaganza or it will be perceived as just fluff with no substance, though I don't think that's true," she said.

GM Chairman Roger B. Smith said the three-day show — the largest exhibit of GM products and technology in the automaker's history — was a report card on the company's progress since his administration took over in 1981 and set a new course.

see GM SHOW, page 49

AUTOMOTIVE NEWS-JOE WILKENS

Designer Ed Welburn talks with stockholders, who use tail of $1 million Aerotech as coffee table

NEWSPAPER

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Pontiac, Oldsmobile price their GM10s — Page 3
'89 Continental to have air bags — Page 6

Pontiac, Olds price their GM10s

Grand Prix is $12,539; Cutlass Supreme tagged at $12,846

By Michelle Krebs
AUTOMOTIVE NEWS STAFF REPORTER

NEW YORK — General Motors has announced prices and special introductory offers on the front-wheel-drive Pontiac Grand Prix and Oldsmobile Cutlass Supreme, the latest versions of the GM10 cars.

GM10 is the automaker's $5 billion program to virtually replace its mid-sized car lines. The Buick Regal, the first of the GM10 cars, bowed last fall. Chevrolet's version, which replaces the Monte Carlo, will be introduced in the middle of the 1989 model year as a 1990 model. The GM10 sedans will begin appearing at the start of the 1990 model year.

J. Michael Losh, Pontiac general manager, said the division has 60,000 dealer orders for the 1988 Grand Prix, which is now on sale nationally. GM's assembly plant in Kansas City, Kan., the only plant producing the Grand Prix, will be able to build 75,000 to 80,000 cars in the remainder of the model year.

The base Grand Prix is priced at $12,539, the up-level Grand Prix LE at $13,239 and the performance-oriented Grand Prix SE at $15,249.

Those prices compare to $11,069 for the rear-wheel-drive 1987 Grand Prix, $11,799 for the 1987 Grand Prix LE and $12,519 for the 1987 Grand Prix Brougham. Pontiac did not have a Grand Prix for sale during the first part of the 1988 model year.

Oldsmobile, however, continued to sell the rwd Cutlass Supreme during the early part of the model year, and increased the prices of the rwd models when they were introduced as 1988s. Production of those cars ended in December. Oldsmobile said the base prices on the new Cutlass Supreme models are lower than the base prices of the 1988 rwd versions though the new ones have more standard equipment. The fwd Cutlass Supreme is on sale now.

The base price on the new fwd Cutlass Supreme Classic is $12,846. That is $317 less than the 1988 rwd Cutlass Supreme Classic.

The base price of the up-level Cutlass Supreme SL is $13,495, which is $500 less than the 1988 Cutlass Supreme Classic Brougham.

But Oldsmobile hiked prices about $1,600 for the limited run of the 1988 rwd Cutlass Supreme. Thus, the base fwd model is $1,307 more than the base 1987 unit, and the SL is $1,117 more than the 1987 rwd Brougham.

Oldsmobile said that on a popularly equipped basis, the new Cutlass Supreme and Cutlass Supreme SL are priced $783 and $1,046, respectively, below comparably equipped 1988 Cutlass Supreme Classic models.

The base price of the top-of-the-line Cutlass Supreme International Series is $15,644.

Oldsmobile expects that the plant in Doraville, Ga. — the only one producing the Oldsmobile GM10 car — will be able to build about 90,000 Cutlass Supremes during the remainder of the model year.

Oldsmobile Cutlass Supremes equipped with air conditioning and assembled by March 2 will feature a $300 savings. Air conditioning is a $775 option.

Customers who buy a Pontiac Grand Prix with any of the three option packages offered will save $300 if they purchase the car before March 3.

Pontiac said the offer is being made in conjunction with the 1988 Grand Prix SE winning the Motor Trend Car of the Year award, announced last week.

Both the Pontiac and Oldsmobile GM10 cars have more standard equipment than their predecessors.

Both are powered by a 2.8-liter engine with multiport fuel injection. Both have four-wheel independent suspension, four-wheel power disc brakes and a stainless steel exhaust system.

The base Oldsmobile Cutlass Supreme has among its standard equipment an AM/FM stereo radio, four-speed automatic transaxle, composite halogen headlamps and tinted glass. An instrument panel cluster features a digital speedometer, trip odometer and electronic analog fuel gauge.

The Cutlass Supreme SL has an upgraded interior with a 55/45 split seat with driver and passenger side recliners, wide body-side moldings, dual outside remote control mirrors, power trunk release and lower body accent color.

The International Series model has, in addition, air conditioning, a touring car suspension system, upgraded Goodyear Eagle GT tires on cast aluminum wheels and a five-speed manual transaxle instead of the four-speed automatic otherwise standard.

The base Pontiac Grand Prix also has an AM/FM stereo as standard equipment. Its instrument cluster includes an electronic digital speedometer and analog fuel gauge.

The LE has, in addition, power windows, split folding front seats with folding armrests, integrated headrests in the rear seats with folding armrests and pass-through access to the trunk as standard equipment.

The Grand Prix SE has additional standard equipment that includes a five-speed Getrag manual transaxle, dual exhaust, up-level Eagle GT tires and a special suspension package.

Chrysler offers $500-$1,000 to Jeep and Eagle buyers

By Laura Clark
AUTOMOTIVE NEWS STAFF REPORTER

HIGHLAND PARK, Mich. — On Jan. 20, Chrysler Motors will begin mailing coupons worth $500 to $1,000 on selected Jeep-Eagle models to 2.4 million owners of American Motors, Jeep and Renault vehicles and owners of competitive makes.

The direct-mail program will help launch Chrysler's new Jeep-Eagle Division — formerly AMC-Jeep-Renault — and build traffic for the division's new flagship car, the $15,000 (typically equipped) Eagle Premier sedan.

In addition to the coupon, the mailing will include an eight-page brochure on all the Jeep-Eagle vehicles and a letter from Chrysler Corp. Chairman Lee Iacocca inviting the recipient to visit his or her local dealer. Dealers also may use follow-up postcards provided by Chrysler Motors to contact recipients living in their areas.

Coupons will become valid Feb. 3 and may be used in connection with any other rebate Jeep-Eagle offers during that period, according to dealers. Coupon holders must order vehicles by Feb. 29 or purchase them from dealer stock by April 5.

Buyers with coupons will receive $500 off the price of any 1988 Eagle Medallion wagon or sedan, Eagle Premier, Jeep Comanche and Jeep Cherokee. Coupon holders also will receive $750 off the price of any 1988 Jeep Wagoneer or $1,000 off the price of a 1988 Jeep Grand Wagoneer.

Incentives on leftover 1987 Alliance GTAs will be announced soon, according to Jeep-Eagle dealer sources.

Buick is billing Reatta as a sports car without all the negatives

Buick ready to unveil image-building Reatta

By Michelle Krebs
AUTOMOTIVE NEWS STAFF REPORTER

Buick will officially introduce its two-seat Reatta luxury coupe this week. The division expects big payoffs from the car, though not in terms of high sales volume.

Buick officials are looking to the Reatta, an exclusive Buick product, to shed a halo effect over its other car lines in order to stem the sales slide that has been going on since 1984. The Reatta symbolizes Buick's recently defined image as General Motors' premium American motor car division, second only to Cadillac.

The Reatta will be in dealer showrooms later this month. The price will be announced Friday at the Detroit Auto Show. The car is expected to be priced around $27,000.

"We want this car to have demand that exceeds capacity," said John Dabels, Buick general director of divisional marketing. "We want it to enhance our image. We don't expect high volume."

In fact, volume is estimated at about 5,000 during the 1988 model year, climbing to a maximum of 20,000 in its first full year of production.

Even though the two-seater market has exploded with entries in the past few years, Buick officials are convinced the Reatta will create a new niche in the segment. Buick is billing the Reatta as a sports car without all the negatives associated with a sports car.

During the numerous clinics Buick has conducted since development of the Reatta began in 1979, participants complained that two-seaters are difficult to get in and out of, not roomy enough and uncomfortable because they are so low to the ground.

Reatta, Buick officials claim, eliminates those complaints while retaining a sports-car appearance. Dabels said Reatta has a full-sized trunk that can accommodate two sets of golf clubs or a pair of skis. In addition, it has storage space behind the driver and passenger seats. It also offers a comfortable ride and a higher bench-seat height so the driver doesn't feel like he is riding close to the ground.

Buick expects Reatta to have broad appeal. Clinic participants expressing an interest in the car ranged in age from 23 to 63, Dabels said. Research shows potential Reatta buyers are executives, professionals and managers — both men and women.

Buick plans to expose the car to the public through various, nontraditional means. For example, a Reatta has been on display in the front window of the science museum in Charlotte, N.C. A Reatta will be displayed in an exhibit about an Egyptian pharaoh that Buick is co-sponsoring in Denver.

Dabels said Reatta will require more personal selling than most cars. Dealers will receive special training on how to sell the Reatta before they receive a car for their showroom. Dealers will be encouraged to invite potential buyers into their dealership to test-drive the car. A direct-mail package, containing a cassette explaining the car, will be sent to potential buyers.

Reatta is powered by GM's new 3800 V-6 engine, featuring balance shaft, roller lifters and sequential-port fuel injection paired to a four-speed automatic transmission. The engine develops 165 horsepower. The mileage rating is 19 mpg in the city and 29 mpg on the highway.

Reatta is 182.8 inches long, has a 98.5-inch wheelbase and weighs 3,350 pounds. By comparison, a Riviera is 187.2 inches long, rests on a 108-inch wheelbase and weighs 3,360 pounds.

The Reatta has a long list of standard equipment including anti-lock brakes, Gran Touring suspension and air conditioning. The only options available are a power-operated sunroof and a 16-way adjustable driver's seat.

A convertible version is scheduled for introduction next year.

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63rd year—No. 5215

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Industry copes with Pennsylvania spill

PITTSBURGH — The collapse of a storage tank that dumped about one million gallons of diesel fuel into the Monongahela River splashed problems onto some important elements of the auto business.

It has, for example, led to production curtailments, the temporary closing of at least two research centers and corporate headquarters, the shutdown of commercial car washes and the threat of more of the same to come.

Suburbs on the Monongahela and on the Ohio River downstream from this city quickly experienced acute water shortages after the Jan. 2 spill because most of the water they use in households, sanitation sewers, fire department systems and industrial processing comes from the rivers.

As the oil was carried by the current to community after community, the demand for water fanned out into an expanding pattern creating more shortages.

Cleanup efforts and damage assessments continued last Friday. Ashland Oil Co., the tank's owner, the EPA and the U.S. Coast Guard are involved in those tasks, and they say the work may take months.

While industry representatives in the area said the water situation was serious, none termed it critical. Aside from some inconvenience, new-car dealers reported no problems, said Thurman R. Brendinger, executive director of the Pittsburgh Automobile Trade Association.

Mobay Corp. in Robinson Township trimmed the workforce to only the essential — such as computer operations — at its headquarters and research center. The composites supplier kept at work only about 200 of the 1,200 employees normally on the site.

USX Corp.'s USS coke-making in Clairton was curtailed for three days because EPA and Coast Guard pollution-containment equipment restricted movement of barges bringing coal to the plant. The company said customer shipments were not affected. It said process water for its steelmaking was being filtered and used normally.

At Crucible Materials Corp.'s research and development center in Clairton, 80 workers were sent home and the center was shut down temporarily. In Bridgeville, Cytent Specialty Steel Co., a division of Cyclops, closed indefinitely.

SAE, in Warrendale, on the other hand, was taking such mundane water-saving steps as switching to paper plates and cups in its cafeteria.

BOOK REVIEWS

WORLD AUTOMOTIVE DIGEST 1987, Planning Research & Systems PLC; PRS Business Publications, Short Run Press Ltd., Exeter, England. 388 pages; hardcover; $295.

The first edition of a worldwide market yearbook for the automotive industry has been put together by Planning Research & Systems, a London-based business consulting group that specializes in automotive and component research.

A world overview is included along with sections on developments in automotive technology. Profiles of vehicle manufacturers are featured.

Data on car and commercial-vehicle production and registrations is provided. Vehicle component use is covered, and recent technological trends are analyzed. A listing of major component producers and their inter-relationships is another feature.

STAR CARS, Beki Adams, Osprey Publishing Ltd., 27A Floral St., London, England, WC2E 9DP. 128 pages; hardcover; $18.80.

More than 120 color photos of famous cars are compiled in this portfolio for car enthusiasts. Exotic cars featured in films and on television are highlighted, as are unusual cars owned by famous persons.

Star cars that are or were owned by cult figures are in the collection. Some of the more famous cars featured are tributes to their owners. James Dean's Porsche and Elvis Presley's and Steve McQueen's cars are focal points.

There are also cars that are stars. Knight Rider would be nowhere without his car KITT, and how could the Dukes of Hazzard excel at the chase without General Lee? Of course, there is Herbie the Love Bug. And, curses: the Batmobile.

STANDARD CATALOG OF AMERICAN CARS 1946-1975, John A. Gunnell, editor; Krause Publications, 700 E. State St., Iola, Wis.; 800 pages; softcover, $24.95.

A one-volume library of postwar cars has been compiled to provide the collector or enthusiast with facts about thousands of cars built in the 30 years following World War II.

Each entry features a description of the car, specifications, historical footnotes and appraised value. There are more than 1,500 photos, and even low-volume cars like Airscoot to Yenko are included.

Sixteen experts were consulted to compile data for this catalog.

HOW TO OUTSMART THE NEW-CAR SALESMAN, Gary Carr, Collier Books, MacMillan Publishing Co., 866 Third Ave., New York, N.Y. 141 pages; softcover; $6.95.

Buying a car and negotiating the best deal is the subject of this guide for consumers and for automotive salespeople. The book begins with "straight talk" about the auto business from a car salesman.

Chapters include tips on how to be prepared before visiting a car dealership and how to take control of your sale as well as how to avoid certain known pitfalls connnected with a used-car purchase. A glossary of car jargon and how to use it is included. Terms like APR, buying down interest rates and the flip or the grape are defined.

THE CAR BUYER'S ART, Darrell Parrish, Book Express, P.O. Box 1249, Bellflower, CA 90706. 183 pages; softcover; $7.95.

A step-by-step guide on how to shop for a used car has been written by a former car salesman who teaches the art of buying a car at colleges and to corporations.

The book could be useful for anyone considering buying a used car as well as for people in the business of selling vehicles. The author explains why it's vital to shop and buy on different days and why a buyer should shop with someone rather than alone.

A profile of a car salesman, a dealership and its management are featured. There is a brief sketch of the marketplace, and there is a chapter that explains financing and contracts. The author steers consumers away from private sellers or car rental companies and suggests that prospective buyers go to new-car dealers.

CREDIT LIFE AND DISABILITY INSURANCE, Gary Fagg, CLICO Management Inc., 11801 N. Tatum Blvd., Suite 246, Phoenix, AZ 85028. 565 pages; hardcover; $40.

This book provides a review of credit insurance and could be a useful guide for financial institutions, actuaries, accountants, attorneys and persons in the auto industry. It gives a history of the industry and talks about regulation, consumer attitudes and claim costs.

Appendices include breakdowns of data on regulatory requirements regarding rates, compensation and loss ratios. There's also a glossary of insurance terms.

It should be helpful for anyone working with sales, marketing, claims, administration actuarial accounting or taxes.

JEEP: MECHANICAL MULE TO PEOPLE'S PLAYTHING, Henry Rasmussen, Motorbooks International; P.O. Box 2 -Rev, 729 Prospect Ave., Osceola, WI 54020. 128 pages; hardcover; $24.95.

A profile of the Jeep in pictures and words has been compiled by photographer Henry Rasmussen. The book features 80 color photos of the original Willys, military Jeeps and first civilian Jeeps. It also includes off-the-road vehicles and racers.

MACK: BULLDOG OF THE AMERICAN HIGHWAY, HENRY RASMUSSEN, MOTORBOOKS INTERNATIONAL: P.O. Box 2-Rev, 729 Prospect Ave., Osceola, WI 54020. 128 pages; hardcover; $24.95.

Henry Rasmussen has captured the Mack truck on film and compiled 80 color photos to highlight the truck's history. Restored vintage Macks, modern trucks, conventionals, cabovers, Macks on the road and at rest and in roadside graveyards are featured.

AERODYNAMICS OF ROAD VEHICLES, edited by Wolf-Heinrich Hucho, Butterworths, University Press, Cambridge, England. 566 pages; hardcover. Distributed in North America by SAE, Dept. 676, 400 Commonwealth Drive, Warrendale, Pa. $60.

A short course on the aerodyamics of passenger cars, light vans, commercial vehicles, sports cars and race cars is provided in this detailed text edited by a former research and development executive for Volkswagen AG.

It should be useful for vehicle engineers. The book focuses on: fundamentals of fluid mechanics, experimental results presented as ground rules of fluid mechanics, and design strategies showing how results can be combined to provide general solutions.

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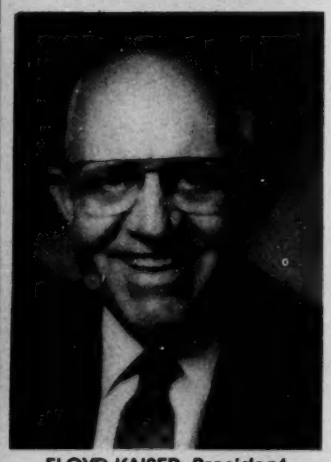

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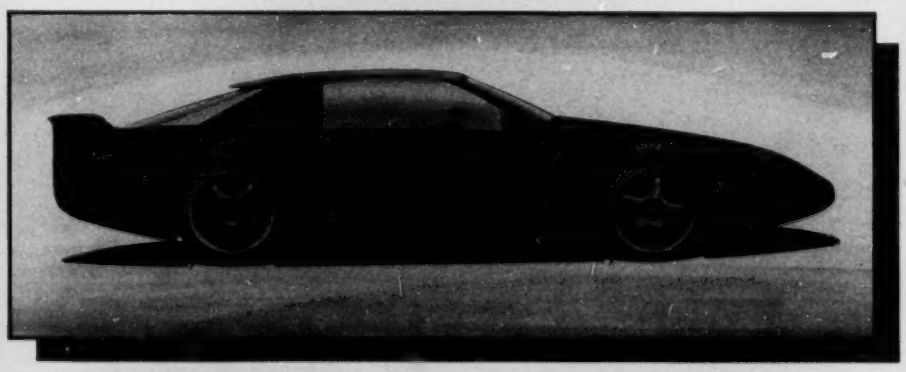

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Accident tab $74 billion, NHTSA says

By Geoff Sundstrom
AUTOMOTIVE NEWS STAFF REPORTER

WASHINGTON — NHTSA has estimated that motor-vehicle crashes cost Americans more than $74 billion in 1986. The crashes resulted in more than 46,000 deaths, 3.4 million injuries and 45 million damaged vehicles during the year.

The safety agency said the numbers mean that motorists not involved in collisions during 1986 paid an estimated $97 each in related insurance costs.

NHTSA Administrator Diane Steed said, "Nearly $60 billion of the economic loss could be saved if crashes, injuries and deaths were reduced. If we can continue to increase safety belt use, enforce posted speed limits and crack down on drunk driving, we can go a long way toward ending this drain on our financial resources as well as preventing human tragedies."

Steed said that more than 90 percent of 1986's traffic accidents involved no personal injury, but accounted for most of the $27 billion in property damage — the largest single factor of the total cost.

In crashes causing injury and death, the costs were $16.4 billion in economic productivity, $4.1 billion in medical expense and $3.8 billion in attorney's fees and other court costs.

NHTSA broke down the cost of motor-vehicle accidents in 1986 this way:

Category	Cost (billions)	Share (pct.)
Property losses	$27.37	36.9
Insurance expense	$20.86	28.1
Productivity losses	$16.38	22.1
Legal & court costs	$ 4.32	5.8
Medical costs	$ 4.12	5.6
Emergency costs	$ 0.70	0.9
Other	$ 0.45	0.6
TOTAL	$74.20	100.0

Toyota adding port facilities

BALTIMORE — Whiting-Turner Contracting Co., Baltimore, has designed and is building a $13.1 million marine terminal and new-car processing center here for Toyota Motor Sales U.S.A.

The Maryland Port Administration said Whiting-Turner is constructing the facility on a 51-acre site. The project is scheduled to be completed by Aug. 31.

The facility will incorporate a first-of-its-kind production line for the installation of optional accessories at the port, the port administration said.

Toyota will operate the terminal under a 15-year lease as its primary point of entry in the mid-Atlantic area. The company currently moves about 90,000 vehicles through Baltimore each year.

Audi in Trans Am series

TROY, Mich. — Audi of America this year will take part for the first time in the Sports Car Club of America Trans Am series. Drivers Hurley H. Haywood, Walter Roehrl and Hans-Joachim Stuck will pilot two Audi Quattros.

COMING EVENTS

FROM PAGE 31

Feb. 4-13 — Amsterdam Truck Show, Amsterdam, Netherlands
Feb. 4-13 — RAI Commercial Vehicle Show, RAI International Exhibition Centre, Amsterdam, Netherlands, 31-20-549-1212
Feb. 5-7 — Michiana Auto Show, Century Center, South Bend, Ind., (219) 291-0425
Feb. 6-14 — Columbus Auto Show, Veteran's Memorial, Columbus, Ohio
Feb. 10-14 — Greater Milwaukee Auto Show, Milwaukee Exposition & Convention Center & Arena, Milwaukee, (717) 657-1310 or (800) 345-1487
Feb. 10-14 — Buffalo Auto Show and Trade Exposition, Buffalo Convention Center, Buffalo, N.Y., (216) 241-1199
Feb. 11-14 — Tarrant County Auto Show, Tarrant County Convention Center, Fort Worth, Texas
Feb. 13-21 — Chicago Auto Show, McCormick Place, Chicago, (312) 698-6630
Feb. 16-21 — Pittsburgh Auto Show, David L. Lawrence Convention Center, Pittsburgh, (412) 373-8380
Feb. 18-28 — Toronto International Auto Show, Metropolitan Toronto Convention Center, Toronto
Feb. 24-28 — Edmonton International Auto & Truck Show, Edmonton Northlands Exhibition Park, Edmonton, Alberta
Feb. 25-28 — Metropolitan Auto Dealers Association Auto Show, Myriad Convention Center, Oklahoma City, (405) 949-9988
Feb. 26-March 6 — Cleveland Automobile Dealers Show, I-X Center, Brookpark, Ohio (216) 241-1199
Feb. 26-March 6 — Orange County International Auto Show, Anaheim Stadium, Anaheim, Calif., (800) 521-3833
March 2-6 — San Diego International Auto Show, San Diego Convention & Performing Arts Center, San Diego
March 2-6 — Atlanta International Auto Show, Georgia World Congress Center, Atlanta
March 3-6 — Greater Richmond International Auto Show, Richmond Centre, Richmond, Va., (804) 358-2277
March 3-13 — Geneva Auto Show, Palexpo Exhibition Centre, Geneva, 41-22-98-11-11
March 4-13 — Greater Minneapolis and St. Paul Auto Show, Hubert H. Humphrey Metrodome, Minneapolis, (612) 831-8019
March 10-13 — Louisville New Car Show, Kentucky Fair and Exposition Center, Louisville, Ky.
March 10-13 — Capital District Auto Show, Wmpire State Plaza, Albany, N.Y., (518) 438-0584
March 17-20 — Tulsa Auto Show, Expo Square-Tulsa State Fairgrounds, Tulsa, Okla., (918) 493-7272
March 18-20 — Northwood Institute Auto Show, Northwood Institute's Florida Campus, West Palm Beach, Fla., (305) 478-5515
March 19-27 — Stockholm International Motor Show, Stockholm Fair, Alvsjo, Sweden, 46-08-783-8000
March 24-27 — Greater Raleigh-Durham International Auto Show, Raleigh Civic and Convention Center, Raleigh, N.C., (804) 358-2277
March 25-April 3 — Belgrade Auto and Truck Show, Belgrade, Yugoslavia
March 30-April 3 — Arizona Auto Show, Phoenix Civic Plaza, Phoenix, Ariz., (213) 444-5202
April 2-10 — Greater New York International Automobile Show, Jacob Javits Convention Center, New York, (718) 746-5900
April 6-10 — Western New England International Auto Show, Eastern States Exposition Center, Springfield, Mass.
April 14-17 — Greater Memphis Auto Show, Memphis Convention Center Complex, Memphis, Tenn., (901) 755-1530

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FROM COVER PAGE

of consumer confidence than we have observed to date."

He assigns a recession scenario a 20 percent to 25 percent possibility. Even if it were to occur, he said, it would be milder than the past two recessions because it would not be accompanied by an oil-price shock as the last two were.

At worst, Eads said, 1988 auto sales would drop 1.5 million to 2 million units below 1987 levels in a recession.

Chrysler economist Donald Hilty said the company's grimmest scenario for falling vehicle sales and a recession this year most likely would result only from a "shock" to the economy caused by either a dramatic increase in the price of oil or interest rates.

Although Chrysler has an "average recession" scenario of 9.0 million cars and 4.4 million trucks (13.4 million total), Hilty does not believe there will be a recession this year. However, he does believe a recession is on the way.

"I join those who think that maybe 1989 is the soft year," Hilty said. "The elections will be over. Modern politicians seem to like to take their recessions early in their term, so a new administration might say, 'Let's get rid of some of the imbalances in the economy, and let's do it early rather than late; so let's get it over with now.' "

Martin Zimmerman, Ford economics director and chief economist, is not anticipating a recession at this time.

"The big development, of course, is the stock market decline, but as we analyze it, there were some important offsetting events that I think will prevent the U.S. economy from going into a recession," Zimmerman said.

Among those key offsetting occurrences, he cited lower interest rates following Black Monday, and the decline in the value of the dollar, which helps U.S. exports and provides a stimulus to the economy.

At the other end of the spectrum, the Big 3 economists say the 1988 economy could turn out to be more robust than they are predicting, and vehicle sales could be a half million or more units higher than expected.

However, the economists give that scenario an even less likely possibility than a recession.

The most likely economic scenario for 1988 is one agreed upon by all of the Big 3 economists, with some variations.

It calls for slow U.S. economic growth (gross national product), inflation (consumer price index) running at about the same level as 1987, the unemployment rate remaining stable and the U.S. dollar continuing to depreciate.

The economists predict U.S. economic growth in 1988, as measured by the GNP, will run at 1 percent to 2 percent. That compares to about 3 percent in 1987.

That slower-growth economic scenario indicates that inflation, as measured by the CPI, will remain in check somewhere between 4 percent and 5 percent, the economists forecast.

The Big 3 economists agree they will have to keep a close watch on consumer confidence throughout the year.

They predict that 1988 consumer attitudes will not be at the peak levels of 1987, but will stay steady at present levels. They admit that consumer confidence was not damaged as badly as they thought it would be following the October stock-market collapse.

Chrysler measures consumer confidence through a combination of the University of Michigan survey and the Conference Board survey. Despite recent drops, Hilty said, it appears a quick recovery in consumer confidence is possible.

He added that consumer responses about this not being a good time to purchase a new car could be nothing more than "post-incentive realism."

Hilty believes the key to success or failure of the U.S. economy in 1988 will be the "wealth factor," as measured by various indices of financial market activity and how individual consumers react to it.

GM economist Eads finds reason for optimism relating to consumer attitudes in the fact that they did not deteriorate as much as they might have following the Oct. 19 experience.

"Consumers have come through that one initial shock in remarkably good shape," Eads said. "There clearly has been a reduction (in confidence). But if you look at what we think it would take to have a very serious impact, the reduction has been small."

However, Eads warned, future levels of consumer confidence will depend on how people perceive the continual drop in the U.S. dollar and the efforts to reduce the federal budget deficit.

Like all economists and business leaders, the Big 3 economists are concerned about the the long-term effects of the trade deficit and the federal budget deficit, as well as the need to reverse or correct the problems.

In that regard, Hilty said he believes the Oct. 19 stock market crash may have been a positive factor because "it got people's attention" directed at those problems.

Hilty said it has taken the United States eight years to get this deeply into the trade deficit and budget mess, and that he believes it will take more than just a couple of years to get out of it. He said the best way to make progress is to become more competitive, otherwise the nation will have to lower its standard of living, "inflate its way out it," sell land and other assets or renege on its debt.

Ford's Zimmerman is not only able to see some good in the stock market crash, but he also sees something positive, albeit symbolic, in the short-term budget-deficit agreement recently hammered out by Congress and the Reagan administration.

"Given the decline in the (stock) market, the concern about the weakening in the economy and concerns about the loss of confidence by the consumer, I didn't think this was the time to totally eliminate the deficit," Zimmerman said. But the $30 billion reduction is OK. It's not going to be too contractionary for the economy."

Zimmerman concedes there was "a certain element of smoke and mirrors" in the form of asset sales and one-time gains in the agreement that left less than $30 billion in long-term deficit reduction.

"What was important was the symbolism of the whole thing," he said. "There was this fear that we were leadership-dead, that they couldn't get any package out of Washington. The fact that they came kicking and screaming to the table and fashioned an agreement that really nobody likes — that's good."

Eads, who served on President Carter's Council of Economic Advisers, is less optimistic. He believes the Reagan administration and Congress missed a golden opportunity to reduce the deficit.

The GM economist calculates that the $30 billion deficit-cutting package will amount to only about half of that in true cuts, which will not be particularly meaningful.

SALES

DOMESTIC CAR SALES

	Dec. 27, to Dec. 31, 1987	Same Period, 1986	Dec. 1987	Same Month 1986	Jan. 1 to Dec. 31, 1987	Same Period, 1986
Alliance	608	1,920	1,121	3,713	24,770	65,609
Eagle	197	208	525	635	4,564	7,239
Premier	192	0	192	0	192	0
Total Eagle	997	2,128	1,838	4,348	29,526	72,848
Horizon	1,227	3,616	2,848	8,893	46,460	111,092
Sundance	2,119	2,294	5,214	4,464	75,883	20,340
Turismo	96	668	230	3,107	16,991	44,742
Reliant	3,916	4,619	10,768	12,727	105,919	130,043
Caravelle	1,081	1,160	2,888	3,625	36,077	39,138
Gran Fury	172	598	470	1,369	7,782	17,443
Total Plymouth	8,611	12,955	22,418	33,825	289,112	362,798
Laser	0	363	0	827	4,308	27,762
LeBaron K	1,153	1,773	2,832	4,874	54,746	93,761
LeBaron J	3,440	541	9,004	822	87,802	831
LeBaron GTS	796	1,663	2,191	3,872	30,939	66,984
Fifth Avenue	2,021	2,556	5,635	6,571	58,270	106,897
New Yorker C	1,677	0	4,343	0	8,581	0
New Yorker E	1,004	1,660	2,372	4,342	50,479	57,653
Total Chrysler	10,091	8,556	26,377	21,308	295,125	353,888
Omni	879	3,119	2,529	7,861	37,726	97,634
Shadow	2,232	2,240	5,978	5,864	77,086	20,140
Charger	103	825	219	1,940	18,032	50,196
Daytona	2,125	393	4,819	942	41,776	35,768
Aries	4,076	4,296	9,723	12,118	99,039	108,051
Lancer	523	934	1,410	2,402	22,422	47,996
Diplomat	388	620	997	1,862	12,775	34,656
Dynasty	1,023	0	1,779	0	3,092	0
Dodge 600	973	1,757	3,156	3,736	36,346	62,336
Total Dodge	12,322	14,184	30,610	36,725	348,294	436,777
CHRYSLER MOTORS	32,021	37,823	81,243	96,206	962,057	1,246,311
Escort	10,962	15,554	28,017	36,155	392,360	402,181
Mustang	4,417	5,346	11,368	11,695	172,602	167,699
Tempo	7,035	10,839	19,904	24,907	219,296	265,382
Taurus	13,264	15,284	32,643	42,930	354,971	263,450
Thunderbird	4,217	4,053	9,770	10,721	132,623	140,713
LTD	0	0	0	0	0	23,587
Crown Victoria	2,890	5,353	8,143	13,454	118,034	134,129
Total Ford Div.	42,785	56,429	109,845	139,862	1,389,886	1,397,141
Lynx	1,707	2,002	4,760	5,152	68,938	65,497
Topaz	1,815	2,723	4,918	6,063	63,200	67,499
Sable	3,576	4,603	9,200	11,275	104,518	98,593
Cougar	2,964	3,375	7,248	7,308	110,722	114,270
Capri	0	981	0	1,135	0	12,647
Marquis	0	0	0	0	2,510	10,180
Grand Marquis	2,890	5,594	8,252	14,217	113,972	123,096
Total Mercury	12,952	19,278	34,378	45,170	463,860	491,782
Continental	2,177	906	2,227	2,455	12,909	20,629
Lincoln	3,930	7,328	10,880	17,267	126,009	133,175
Mark VII	700	1,225	1,867	3,130	27,119	23,780
Total Lincoln	6,807	9,461	14,974	22,852	166,037	177,584
Total L-M Division	19,759	28,739	49,352	68,022	629,897	669,366
FORD MOTOR CO.	62,544	85,168	159,197	207,884	2,019,783	2,066,507
Skyhawk	1,065	2,054	2,749	4,124	38,651	74,906
Somerset Regal	1,470	2,347	3,913	6,290	67,078	111,744
Century	3,285	7,456	9,021	16,921	147,797	240,747
Regal	3,579	1,668	9,971	4,325	63,853	78,340
LeSabre	3,377	5,755	10,779	14,748	141,126	132,406
Electra	3,495	2,570	10,732	6,969	82,719	107,999
Riviera	403	611	795	1,781	16,187	23,292
Total Buick	16,674	22,461	47,960	55,158	557,411	769,434
Cimarron	185	624	507	1,531	12,295	23,435
Allante	97	0	276	0	2,517	0
Seville	420	630	2,059	1,936	21,515	21,150
Cadillac	4,927	7,079	14,480	19,941	203,487	235,206
Eldorado	1,022	655	2,463	1,783	21,470	24,266
Total Cadillac	6,651	8,988	19,785	25,191	261,284	304,057
Chevette	27	2,279	108	8,485	16,967	74,389
Nova	1,299	2,196	3,679	6,140	134,956	170,507
Cavalier	9,524	8,175	30,695	23,236	307,028	357,120
Citation	0	0	0	0	0	1,025
Camaro	2,582	2,860	6,914	8,135	117,324	163,204
Celebrity	7,269	14,287	22,533	36,252	306,480	408,946
Corsica/Beretta	7,134	1,500	18,659	7,251	214,074	12,879
Monte Carlo	1,589	2,375	4,347	6,652	63,577	111,247
Caprice	4,871	5,984	14,662	17,651	177,344	226,132
Corvette	791	819	2,229	2,338	25,437	33,027
Total Chevrolet	35,086	40,475	103,826	116,140	1,363,187	1,558,476
Firenza	736	663	1,569	2,500	17,626	34,113
Calais	2,650	2,584	6,400	7,265	101,861	116,018
Cutlass Ciera	6,287	10,374	16,025	23,179	244,607	329,930
Cutlass Supreme	1,682	3,673	4,287	9,472	92,779	191,937
Olds 88	3,961	5,823	10,320	15,708	168,853	261,260
Olds 98	3,028	2,975	7,548	7,967	72,001	109,370
Toronado	364	328	1,062	1,029	16,867	16,762
Total Oldsmobile	18,708	26,420	47,731	66,120	714,394	1,059,390
Fiero	712	1,864	1,973	4,034	41,830	68,340
1000	5	360	45	1,071	4,826	18,329
Sunbird	1,651	3,282	4,853	6,331	79,014	104,216
Firebird	1,574	2,902	4,107	6,474	73,190	94,241
Grand Am	5,671	8,739	13,312	19,936	211,192	205,254
6000	2,631	6,160	7,908	14,660	120,373	199,443
Grand Prix	189	876	2,476	2,188	16,363	71,056
Bonneville H	3,041	0	9,441	0	102,377	18,561
Paris./Safari	199	3,293	580	8,800	10,077	62,001
Total Pontiac	15,673	27,476	44,695	63,294	659,282	841,441
GENERAL MOTORS	92,792	126,820	263,997	325,903	3,565,538	4,532,798
HONDA	13,492	13,427	29,192	24,931	316,618	235,247
Civic	4,072	3,549	9,117	6,060	86,533	23,010
Accord	9,420	9,878	20,075	18,871	229,085	212,237
MAZDA	573	0	985	0	1,671	0
NISSAN	2,718	3,679	5,485	8,417	119,678	52,602
TOYOTA	3,514	2,825	7,080	4,179	44,853	7,281
VOLKSWAGEN	1,789	2,873	3,517	5,568	61,084	73,912
DOMESTIC TOTAL	209,363	271,815	550,676	673,076	7,081,282	8,214,658
IMPORT TOTAL	0	0	289,099	319,500	3,145,326	3,235,343
INDUSTRY TOTAL	0	0	839,775	992,576	10,226,588	11,450,001

'87 sales off 7% at 15.2 million; trucks set record, cars decline

By Joseph Bohn and Philly Murtha
AUTOMOTIVE NEWS STAFF REPORTERS

In spite of Wall Street's Oct. 19 market crash and a late-year slowdown in car incentives, 1987 turned out to be the fourth best sales year in the past decade.

"We were pleasantly surprised by the buoyancy in spite of the crash and weakening economic fundamentals. The whole market seems to be a lot stronger" than anticipated, said Jack V. Kirnan, analyst with Kidder, Peabody & Co., New York.

"There seems to be no panic out there. We were slightly surprised by the strength of sales," agreed Ann Knight, PaineWebber first vice president.

Total vehicle sales in the United States in calendar 1987 were 15,182,071, including an estimate of 287,000 for medium and heavy truck sales.

That represented a 6.98 percent decline from 16,320,840 vehicles sold in calendar 1986.

The 84,644-unit increase in sales of light, medium and heavy trucks helped offset a 10.68 percent decline in the sales of U.S.-built and imported cars during the year.

Trucks set a sales record last year and accounted for 32.64 percent of total vehicle sales, up from a 29.84-percent market share in 1986, reflecting the continued crossover of car buyers into the truck market.

Kirnan predicted the light-truck segment will continue growing because "these vehicles appeal to the 25- to 44-year-old market which is expected to grow two times faster than the overall population in the 1990s."

New domestic and imported car sales in the calendar year fell 10.68 percent to 10,226,588 from a record 11,450,001 sold in calendar 1986.

New-truck sales reached an estimated 4,955,483, up 1.74 percent from 4,870,839 in 1986.

Actual light-truck sales were a record 4,668,483, up 1.38 percent from 1986's 4,604,837. Estimated medium and heavy truck sales of 287,000 were up from 266,002 in calendar 1986. Actual figures are expected to be available this week.

Sales of imported cars slipped a mere 2.78 percent despite price hikes resulting from a sharp drop in the dollar against foreign currencies.

The weak dollar, though, began hitting German luxury cars, such as BMW, Mercedes-Benz and Porsche, fairly hard in the third quarter, though the European car sales managed to remain on a fairly even keel for the year. Import-car sales dropped to 3,145,326 units, down from 3,235,343 in calendar 1986. Importers retailed 2,836,973 cars in 1985.

Sales of domestically produced cars fell 13.80 percent in calendar 1987 from the year earlier.

The eight U.S. carmakers retailed 7,081,262 cars compared with 8,214,658 in 1986.

Only Honda, Nissan and Toyota

continued →

IMPORTED CAR SALES

	Dec. 1987	Dec. 1986	12 Mos., 1987	12 Mos., 1986
Acura	10,439	9,280	109,470	52,869
Alfa Romeo	432	574	6,300	8,201
Audi	1,836	3,788	41,322	59,795
BMW	6,744	10,472	87,839	96,759
Chevrolet	11,616	11,418	137,211	160,363
Chrysler	599	1,003	11,217	2,572
Dodge	3,421	5,850	57,357	68,685
Ford	3,712	0	26,750	0
Eagle	1,847	388	13,991	4,152
Honda	40,496	40,306	312,218	405,399
Hyundai	19,345	22,412	263,610	168,882
Isuzu	3,790	4,662	39,577	38,910
Jaguar	2,848	2,757	22,919	24,464
Maserati	90	123	932	1,334
Mazda	18,649	28,299	206,354	222,716
Mercedes-Benz	7,762	13,692	89,918	99,314
Mercury	636	758	14,301	14,315
Mitsubishi	5,185	5,438	67,954	49,436
Nissan	29,664	39,342	409,476	494,294
Peugeot	943	1,160	9,320	14,336
Plymouth	3,026	5,731	51,763	64,271
Pontiac	2,910	0	35,564	0
Porsche	1,281	3,547	23,632	30,471
Saab	3,103	3,742	45,105	48,246
Sterling	911	0	14,171	0
Subaru	15,324	15,114	175,864	179,100
Toyota	73,978	71,359	585,199	633,914
Volkswagen	11,662	11,846	130,641	143,319
Volvo	4,010	2,140	106,539	113,267
Yugo	2,840	4,299	48,812	35,959
TOTAL	289,099	319,500	3,145,326	3,235,343

Sales charts compiled by Karen Detkowski

U.S. CAR SALES BY MARKETING UNITS

	Dec. 1987	Percent Share	Dec. 1986	Percent Share	12 Mos., 1987	Percent Share	12 Mos., 1986	Percent Share
Alfa Romeo	432	0.05	574	0.06	6,300	0.06	8,201	0.07
American Honda	80,127	9.54	74,517	7.51	738,306	7.22	693,515	6.06
BMW	6,744	0.80	10,472	1.06	87,839	0.86	96,759	0.85
Buick	47,960	5.71	55,158	5.56	557,411	5.45	769,434	6.72
Cadillac	19,785	2.36	25,191	2.54	261,284	2.55	304,057	2.66
Chevrolet	115,442	13.75	127,558	12.85	1,500,398	14.67	1,718,839	15.01
Chrysler	26,976	3.21	22,311	2.25	306,342	3.00	356,460	3.11
Dodge	34,031	4.05	42,575	4.29	405,651	3.97	525,462	4.59
Eagle	3,685	0.44	4,736	0.48	43,517	0.43	77,000	0.67
Ford	113,557	13.52	139,862	14.09	1,416,636	13.85	1,397,141	12.20
Hyundai	19,345	2.30	22,412	2.26	263,610	2.58	168,882	1.47
Isuzu	3,790	0.45	4,662	0.47	39,577	0.39	38,910	0.34
Jaguar	2,848	0.34	2,757	0.28	22,919	0.22	24,464	0.21
Lincoln	14,974	1.78	22,852	2.30	166,037	1.62	177,584	1.55
Maserati	90	0.01	123	0.01	932	0.01	1,334	0.01
Mazda	19,634	2.34	28,299	2.85	208,025	2.03	222,716	1.95
Mercedes	7,762	0.92	13,692	1.38	89,918	0.88	99,314	0.87
Mercury	35,014	4.17	45,928	4.63	478,161	4.68	506,097	4.42
Mitsubishi	5,185	0.62	5,438	0.55	67,954	0.66	49,436	0.43
Nissan	35,129	4.18	47,759	4.81	529,154	5.17	546,896	4.78
Oldsmobile	47,731	5.68	66,120	6.66	714,394	6.99	1,059,390	9.25
Peugeot	943	0.11	1,160	0.12	9,320	0.09	14,336	0.13
Plymouth	25,444	3.03	39,556	3.99	340,875	3.33	427,069	3.73
Pontiac	47,605	5.67	63,294	6.38	694,826	6.79	841,441	7.35
Porsche	1,281	0.15	3,547	0.36	23,632	0.23	30,471	0.27
Saab	3,103	0.37	3,742	0.38	45,105	0.44	48,246	0.42
Sterling	911	0.11	0	0.00	14,171	0.14	0	0.00
Subaru	15,324	1.82	15,114	1.52	175,864	1.72	179,100	1.56
Toyota	81,058	9.65	75,536	7.61	630,052	6.16	641,195	5.60
Volvo	4,010	0.48	2,140	0.22	106,539	1.04	113,267	0.99
VWoA	17,015	2.03	21,192	2.14	233,027	2.28	277,026	2.42
Yugo	2,840	0.34	4,299	0.43	48,812	0.48	35,959	0.31
TOTAL	839,775	100.00	992,576	100.00	10,226,588	100.00	11,456,001	100.00
TOTAL GM	276,523	33.17	337,321	33.99	3,728,313	36.46	4,693,161	40.99
TOTAL FORD	163,545	19.47	208,642	21.02	2,060,834	20.15	2,060,522	18.16
TOTAL CHRYSLER	90,130	10.73	109,178	11.00	1,096,385	10.72	1,386,991	12.10
TOTAL JAPANESE	240,247	28.61	251,327	25.32	2,399,932	23.36	2,371,768	20.71
TOTAL EUROPEAN	45,130	5.38	59,399	5.98	639,702	6.26	713,418	6.23
TOTAL KOREAN	22,186	2.64	26,711	2.69	312,422	3.05	204,841	1.79

*Big 3 totals include their captive imports.

SALES

reported increases in sales of their U.S.-built cars.

The five foreign-based car manufacturers retailed 174,842 more domestically produced cars in 1987 than the year earlier.

Here are the 10 top-selling vehicles for 1987:

1. Ford F-Series, 550,125.
2. Chevrolet full-sized pickup, 418,221.
3. Ford Escort, 392,360.
4. Ford Taurus, 354,971.
5. Honda Accord, 334,876.
6. Chevrolet Cavalier, 307,028.
7. Chevrolet Celebrity, 306,480.
8. Ford Ranger, 305,295.
9. Hyundai Excel, 263,610.
10. Toyota pickup, 252,946.

Ford Motor Co. outpaced GM and Chrysler by showing an increase in combined car and truck sales for 1987 and by increasing its share of the the total vehicle market.

However, Ford Motor's sales of U.S.-built cars slipped 2.26 percent to 2,019,783 down from 2,066,507 units in 1986, a decline offset by higher truck sales.

Ford Division's full-sized F-series pickups again topped the list of best-selling nameplates, with 550,125 sales. Its Escort, with 392,360 sales, ranked third, and its Taurus, with 354,971 sales, was fourth. The Ford Ranger, with 305,295 sales, ranked eighth.

Ford Division outsold Chevrolet in total vehicle sales, with 2,869,861 compared to Chevrolet's 2,692,246.

Where the U.S. market was, Dec. 1987

	Total Sales	Pct. of Total
SUBCOMPACT	64,769	7.71
COMPACT	156,681	18.66
INTERMEDIATE	211,149	25.14
STANDARD	113,419	13.51
SPECIALITY	4,478	0.53
IMPORT	289,099	34.43
TOTAL	839,775	100.00

Where the U.S. car market was in 1987

	Total Sales	Pct. of Total
SUBCOMPACT	979,[illegible]	9.58
COMPACT	1,944,751	19.02
INTERMEDIATE	2,691,324	26.32
STANDARD	1,397,336	13.66
SPECIALITY	66,784	0.66
IMPORT	3,145,326	30.76
TOTAL	10,226,586	100.00

Chevrolet's full-sized pickups ranked second among best-selling nameplates, with 418,221 sales. Its Cavalier ranked sixth with 307,028 sales and its Celebrity was seventh with 306,480 sales.

GM's year-end car sales dropped nearly a million units to 3,555,538, down 21.56 percent from last year's 4,532,798.

Although GM remains the sales leader in the car market, its car market share dropped to 36.46 percent from a 40.99 percent share in 1986.

Chevrolet's Corsica/Beretta was the only new car line to garner a spot in the 20 top-selling nameplates. It ranked 16th.

In 1987, import-car makers seized almost a third of the total U.S. car market, although total import-car sales dropped from 3,235,346 to 3,145,326 in 1987.

Though import-car makers sold 90,017 fewer cars in the calendar year, Honda's Accord ranked fifth among best-selling nameplates and its Civic ranked 14th. The Hyundai Excel ranked ninth and Nissan Sentra was 12th.

Of the Big 3 U.S.-based carmakers, only Ford gained a larger part of the market and sold almost as many cars as in the previous year. Ford's share rose from 18.18 percent last year to 20.15 percent in 1987.

Chrysler's car share dropped to 10.72 percent, down from 12.10 percent in calendar 1986. All Big 3 shares include their captive imports.

The Japanese-branded car lines took 23.36 percent of total U.S. car sales, up from 20.71 percent in 1986. European carmakers held on to 6.26 percent of U.S. car sales in 1987, compared with 6.23 percent the previous year. Korea's Hyundai took 3.05 percent of U.S. car sales, up from 1.79 percent in 1986.

There were 307 selling days in each calendar year. Last year's auto daily selling rate was 33,311, compared with 1986's 37,296 daily selling rate.

Among light-truck manufacturers, Ford, Chrysler, GMC and Jeep all scored increases, the latter three setting records.

Chevrolet and most importers, excluding Mitsubishi, Suzuki and Ranger Rover, saw a decline in their light-truck sales in 1987.

Ford, the light-duty-truck sales leader, retailed 1,398,969 units, up 5.59 percent from 1986. Chevrolet retailed 1,173,675 light duties, off 4.54 percent from 1986.

Chrysler's Plymouth and Dodge truck sales of 708,125 were up 18.78 percent, while GMC's sales of 311,217 light duties showed a 1.51 percent increase.

Jeep sales of 208,440 barely edged out the 207,514 retailed in 1986.

The light-duty-truck importers, with 868,057 sales, had a 7.68-percent decline from the year earlier's 940,262 sales.

In December, car sales fell to 839,775, a drop of 15.39 percent from a year ago when 992,578 cars were delivered. Domestic car manufacturers sold 550,676 cars, down 18.9 percent from 673,078 a year earlier. The import total also dipped. Import-car sales were 289,099, down 9.52 percent from 319,500 last year. However, import carmakers took over a third of December's total car sales.

AUTOMOTIVE NEWS/JOE WILKINS

Rewey and victory cake

SALES WAR

FROM PAGE 1

year does not make a trend."

General Manager Robert Burger predicted Chevrolet would reclaim as much as a full percentage point of the car market in 1988 and three or four percentage points of the truck market.

And while he stopped short of saying Chevy would limit Ford's reign to a single year, he vowed to "cut the deficit by a lot."

As an early step, Chevrolet trimmed truck prices by an average of $200 from the tentative prices announced earlier this model year. Included in the price cuts are its new full-size C/K series and the S-10 pickup and Blazer models. In addition, Chevrolet has boosted its truck advertising budget in the 1988 model year to nearly half of the total ad budget. Much of that advertising will be aimed squarely at Ford.

The division also is planning to bring attention to niche truck products, particularly those built off the C/K platform such as the Sportside 4x4 pickup. That model was named Four Wheeler of the Year by Four Wheeler magazine.

In the car lineup, Chevrolet is expecting to pull gains from a full year of production of the Corsica and Beretta and improved sales from the restyled Cavalier.

Meanwhile, Robert Rewey, Ford Division general manager, last week stood beside an oversized five-foot victory cake, reminded Detroit employees of the challenges in the marketplace and then excused the celebration by quoting baseball legend Dizzy Dean: "If you can do it, you ain't braggin'."

For 1988, the division will shoot for an additional percentage point of market share — 15 percent for cars and 30 percent for trucks.

Ford will reach its goals largely on the strength of the Festiva and the new Probe, Rewey said. The Festiva will be available for a full year and contribute about 85,000 sales. The Probe, a sporty 2+2 built in the United States by Mazda, is expected to bring 70,000 sales between its May introduction and the end of the year.

For the time being, at least, Rewey doesn't foresee much of a threat from the new GM10 models. The cars are arriving initially as two-door models, so they won't compete directly with the industry's second-best-selling car, the four-door Taurus. And he predicted that the redesigned Thunderbird, due this fall, will do nothing less than hold its own.

On the truck side, improved availability of the Ranger will contribute to a stronger performance in 1988, Rewey said.

As for another sales championship, Rewey noted that Ford has already built up a 77,000-unit lead over Chevy in the first quarter of the 1988 model year.

For first time, domestics slice import truck share

By Joseph Bohn
AUTOMOTIVE NEWS STAFF REPORTER

Domestic light-truck manufacturers regained market share from the imports for the first time in 1987, an historic turn of events and one that some analysts expect to continue.

The turning point is particularly significant since it occurred as truck sales have been growing while the auto market is on the ebb.

Calendar 1987 light-truck sales were a record 4,668,483, up 1.38 percent from the previous year's 4,604,837.

Of that total, domestic companies accounted for 3,800,426 sales, up 3.71 percent from 1986, while foreign companies' sales of 868,057 light trucks were off 7.68 percent.

The domestic companies picked up 1.83 percentage points of market share, accounting for 81.41 percent of the light-truck market. Foreign companies' share dropped to 18.59 percent from 20.42 percent in calendar 1986.

As Gerry Paul, an analyst with Sanford C. Bernstein, New York, pointed out, domestics not only picked up share, they also picked up volume.

"In a market that was up year-to-year, the imports' volume was down. It happened particularly in the fourth quarter," he said.

He added, "This (trucks) is the first place you see the pressure of currency change appear because imports have to pay a 25-percent duty on trucks that they're not paying on cars."

He expects the trend to continue because "I don't think they've (imports) passed along all the costs resulting from the currency changes. There's more evidence of the pressure they're under from the fact that Nissan moved all production of trucks to Smyrna. They're no longer importing trucks."

David Healy, an analyst with Drexel Burnham Lambert, New York, largely concurred, noting that "there's a lot of very aggressive price competition in light trucks, which developed as the dollar weakened and U.S. companies were able to price more aggressively against the Japanese."

He also pointed to the 25-percent duty on imported trucks and said he felt the market has not yet fully reflected the "big decline in the dollar relative to the yen."

"I think the weakness of the dollar really made some Japanese trucks an unprofitable business," Healy concluded.

Wendy Beale, an analyst with Smith Barney, Harris Upham & Co., New York, traced some of the imports' softness to the "uncertainty over whether multipurpose vehicles will be counted as cars or as trucks and the implicit threat of dumping litigation."

"If MPVs are counted as cars rather than as trucks, then they will be included in each importer's car quota and will substantially reduce the number of passenger cars that each automaker can import for the remainder of the quota year," she added.

"Dumping litigation is never far offstage these days, with the dollar on its downward slide. Suits were prepared earlier this year, forcing Japanese truck makers to raise prices. In this very competitive market, protected by a 25-percent import tariff, Japanese truck manufacturers do not have much of a cost advantage any more," she concluded.

Generally, domestics appear inclined to maintain their aggressive posture, based on incentives on small pickups the past couple of months.

LIGHT-DUTY TRUCK SALES

	Dec. 1987	Dec. 1986	12 Mos., 1987	12 Mos., 1986
Vans	13,333	18,714	184,413	180,395
Aerostar	12,153	15,142	159,149	150,049
Club Wagon	2,433	2,946	27,300	27,374
Ranger	21,516	21,489	305,295	269,490
Bronco	5,062	5,278	51,782	49,588
Bronco II	9,842	9,571	120,905	103,020
Pickups	47,746	43,649	550,125	544,969
Ford	**112,095**	**116,789**	**1,398,969**	**1,324,885**
Vans	10,517	8,473	114,835	134,977
Sportsvan	1,041	1,039	11,979	15,614
Astro	10,761	14,658	148,205	147,932
S-10	18,374	14,949	224,807	203,416
S-10 Blazer	11,267	12,124	153,064	159,820
El Camino	374	1,520	13,743	21,508
Blazer	2,586	3,102	30,859	41,893
Suburban	5,067	5,176	57,962	61,226
Pickups	37,846	32,961	418,221	443,051
Chevrolet	**97,773**	**94,002**	**1,173,675**	**1,229,437**
Vans	4,178	6,411	64,265	73,706
Ram Wagon	2,671	2,882	30,505	39,843
Voyager	13,369	11,730	140,799	110,083
Caravan	14,909	11,633	153,191	115,964
Mini Ram Van	1,290	1,160	13,851	14,587
Ram 50	3,815	7,631	65,593	78,706
Raider	1,155	1,301	19,539	4,768
Ramcharger	1,968	1,845	23,667	23,006
Dakota	6,831	10,879	99,045	29,045
Pickups	8,817	9,712	97,670	106,451
Chrysler	**59,003**	**66,184**	**708,125**	**596,159**
Vans	3,713	3,802	38,565	39,622
Safari	2,963	3,546	32,232	31,178
S-15	4,666	3,354	49,191	46,084
S-15 Jimmy	4,550	3,109	38,841	39,027
Jimmy	977	871	8,596	9,390
Caballero	58	165	1,705	2,542
Suburban	1,921	2,019	19,110	19,961
Pickups	12,169	8,459	115,839	112,799
P Model	437	654	5,602	4,665
W-4	160	139	1,534	1,292
GMC	**31,614**	**26,128**	**311,217**	**306,580**
Wrangler/CJ	3,451	4,059	30,663	35,267
Wagoneer	938	1,336	12,305	12,800
Cherokee	12,423	10,517	112,005	107,225
Grand Wagoneer	1,439	2,309	14,079	17,254
Comanche	3,248	3,028	38,061	33,453
J-10/J-20	70	100	1,327	1,515
Jeep	**21,569**	**21,349**	**208,440**	**207,514**
Toyota	25,003	35,204	303,783	304,150
Nissan	15,393	20,375	216,514	223,406
Mazda	8,438	14,742	123,699	157,127
Isuzu	4,856	9,349	86,990	88,720
Mitsubishi	4,179	3,772	51,862	34,985
Suzuki	5,092	6,795	81,349	47,732
Subaru	9	364	1,274	4,142
Range Rover	381	0	2,564	0
Imports	**63,351**	**90,601**	**868,057**	**940,262**
Industry Total	356,406	414,943	4,668,483	4,604,837

PRODUCTION

U.S. CAR	Week Ended Jan. 9, 1988	Week Ended Jan. 10, 1987	Week Ended Dec. 26, 1987	Dec. Total	Jan. 1 to Jan. 9, 1988	Jan. 1 to Jan. 10, 1987
CHRYSLER MOTORS	11,700	22,519	15,616	88,386	11,700	22,519
Eagle Total	0	0	0	0	0	0
Alliance	0	0	0	0	0	0
Plymouth Total	3,400	8,582	4,970	26,242	3,400	8,582
Horizon	1,400	3,393	907	4,163	1,400	3,393
Sundance	1,800	1,960	925	6,049	1,800	1,960
Reliant	0	2,355	2,419	12,719	0	2,355
Caravelle	0	874	643	2,722	0	874
Gran Fury	200	0	76	569	200	0
Chrysler Total	2,900	4,691	4,275	22,943	2,900	4,691
LeBaron K	0	1,598	612	3,338	0	1,598
LeBaron J	0	1,070	1,737	9,080	0	1,070
LeBaron GTS	400	741	493	1,826	400	741
N. Yorker E-Class	0	1,282	0	0	0	1,282
N. Yorker C-Class	1,200	0	678	4,467	1,200	0
Fifth Avenue	1,300	0	755	4,052	1,300	0
Dodge Total	5,400	9,246	6,573	39,203	5,400	9,246
Daytona	0	543	1,086	6,006	0	543
Omni	1,500	2,973	845	4,120	1,500	2,973
Shadow	1,900	1,774	1,347	8,101	1,900	1,774
Aries	0	2,411	1,761	11,461	0	2,411
Dodge 600	0	902	331	2,368	0	902
Dynasty	1,300	0	844	4,859	1,300	0
Lancer	400	643	129	946	400	643
Diplomat	300	0	230	1,342	300	0
FORD MOTOR CO.	39,701	40,508	23,956	136,543	39,701	40,508
Ford Division	28,451	27,585	17,478	99,531	28,451	27,565
Escort	8,440	7,210	5,584	31,948	8,440	7,210
Mustang	4,446	4,589	2,783	15,759	4,446	4,589
Tempo	4,486	3,956	2,467	14,148	4,486	3,956
Taurus	6,199	9,332	4,908	27,284	6,199	9,332
Thunderbird	2,880	2,478	1,736	10,392	2,880	2,478
L-M Division	11,250	12,943	6,478	37,012	11,250	12,943
Mercury Total	6,709	9,029	3,966	22,420	6,709	9,029
Lynx	0	1,246	0	0	0	1,246
Topaz	1,690	1,281	833	4,568	1,690	1,281
Cougar	2,887	3,725	1,726	9,226	2,887	3,725
Sable	2,132	2,777	1,427	8,626	2,132	2,777
Lincoln Total	4,541	3,914	2,492	14,592	4,541	3,914
Continental	674	391	373	2,100	674	391
Lincoln	3,246	2,935	1,780	10,436	3,246	2,935
Mark VII	621	588	339	2,056	621	588
GENERAL MOTORS	51,831	63,844	30,000	213,250	51,831	63,844
Buick Total	7,858	12,069	3,431	27,112	7,858	12,069
Skyhawk	0	0	661	3,286	0	0
Century	2,146	4,648	0	5,045	2,146	4,648
Regal (rwd)	0	0	0	860	0	0
Somerset/Skylark	1,300	2,191	0	2,409	1,300	2,191
LeSabre (fwd)	2,400	2,679	1,418	8,192	2,400	2,679
LeSabre (rwd)	290	1,773	127	724	290	1,773
Electra (fwd)	1,722	0	1,088	5,751	1,722	0
Riviera	0	778	137	845	0	778
Cadillac Total	3,597	6,127	2,867	22,255	3,597	6,127
Cimarron	297	632	0	174	297	632
Allante	60	28	80	371	60	28
Brougham (rwd)	0	1,667	0	5,519	0	1,667
DeVille (fwd)	3,240	2,527	2,034	11,498	3,240	2,527
Eldorado	0	486	428	2,653	0	486
Seville	0	787	325	2,040	0	787
Chevrolet Total	19,986	20,794	12,812	92,927	19,986	20,794
Camaro	0	0	1,475	8,325	0	0
Cavalier	6,974	7,448	4,766	24,826	6,974	7,448
Celebrity	3,738	6,293	0	7,111	3,738	6,293
Corsica/Beretta	3,200	2,930	2,771	27,972	3,200	2,930
Monte Carlo	0	0	0	3,133	0	0
Caprice	5,826	1,477	3,389	19,650	5,826	1,477
Corvette	248	646	391	2,108	248	646
Oldsmobile Total	10,203	11,669	3,947	30,178	10,203	11,669
Firenza	0	0	292	1,436	0	0
Calais	3,500	2,379	0	5,313	3,500	2,379
Cutlass Ciera	0	4,276	0	126	0	4,276
Cutlass Supreme	1,798	0	0	2,843	1,798	0
88 (fwd)	3,135	2,701	2,060	11,678	3,135	2,701
88 (rwd)	344	453	289	1,326	344	453
Olds 98	1,426	1,310	1,074	5,976	1,426	1,310
Toronado	0	551	233	1,480	0	551
Pontiac Total	10,187	13,185	6,343	40,778	10,187	13,185
Fiero	0	0	695	3,705	0	0
Firebird	0	0	916	4,761	0	0
Sunbird	2,289	2,839	1,236	8,002	2,289	2,839
Grand Am	4,800	5,125	2,840	16,371	4,800	5,125
Pontiac 6000	1,043	1,910	0	905	1,043	1,910
Bonneville	1,925	3,311	1,176	6,524	1,925	3,311
Safari/Parisienne	130	0	80	510	130	0
HONDA	6,460	6,839	3,246	22,206	6,460	6,839
Civic	1,560	2,481	777	6,317	1,560	2,481
Accord	4,900	4,358	2,469	15,889	4,900	4,358
MAZDA	845	0	264	1,793	845	0
NISSAN	1,340	2,927	825	4,514	1,340	2,927
NUMMI	3,250	3,930	0	9,034	3,250	3,930
Corolla	1,000	919	0	3,105	1,000	919
Nova	2,250	3,011	0	5,929	2,250	3,011
VOLKSWAGEN	0	0	1,224	6,894	0	0
Golf/GTI	0	0	804	4,514	0	0
Jetta	0	0	420	2,380	0	0
Total Cars, U.S.	114,927	140,567	75,333	482,522	114,927	140,567
Total Cars, Canada	22,851	16,815	13,122	73,127	22,851	16,815
U.S., Canada Cars	137,778	157,382	88,455	555,749	137,778	157,382
U.S., Canada Trks.	95,323	90,236	59,887	350,012	95,323	90,236
U.S., Canada Cars and Trks.	233,101	247,618	148,342	905,761	233,101	247,618

4th-quarter car output trails '86

By Kathy Barbaglia
AUTOMOTIVE NEWS STAFF REPORTER

U.S. automakers produced 1,737,806 cars in last year's fourth quarter, 29.70 percent more than the third-quarter total of 1,339,881 but 8.71 percent below the 1,903,517 built in the final quarter of 1986.

December's car production of 482,622 dipped 17.29 percent from November's 583,503 and declined 17.44 percent from the the year-ago month's 584,548.

Returning to work after the holiday, automakers opened 1988 with scheduled output of 114,927 cars last week, 18.24 percent below the year-ago week's 140,567.

Last week's targeted output was shared as follows: General Motors, 45.10 percent; Ford Motor Co., 34.54 percent; Chrysler Motors, 10.18 percent; Honda of America Manufacturing Inc., 5.62 percent; New United Motor Manufacturing Inc., 2.83 percent; Nissan Motor Manufacturing Co. U.S.A., 1.17 percent; and Mazda Motor Manufacturing (U.S.A.) Corp., 0.56 percent.

Volkswagen of America's Westmoreland, Pa., plant remains idle for inventory adjustment. The plant is expected to resume output Jan. 18.

GM's Tarrytown, N.Y., plant is closed until Feb. 1 for renovation of the paint shop.

GM's Fiero plant in Pontiac, Mich., is idle for inventory adjustment until Jan. 25. When the plant reopens, the line speed will be reduced from 30 units per hour to 15 units per hour. About 425 workers will be permanently laid off.

GM's Van Nuys, Calif., plant remains closed until Jan. 18 for inventory adjustment. One shift will be discontinued temporarily on Feb. 1, also to reduce bloated inventories.

GM's Lakewood, Ga., plant resumed output today after being idle for one week because of slow sales.

Chrysler's St. Louis plant was closed last week for inventory adjustment.

Overtime was scheduled last Saturday at Ford's Wixom, Mich., plant. Ford has slated daily overtime this week at its plants in Lorain, Ohio; Dearborn, Mich.; Wixom, Mich.; Wayne, Mich.; and Kansas City, Mo.

Truck production sets record in Canada

Canadian truckmakers built 214,699 units in the fourth quarter, the highest ever for that period. The former peak was 203,820 in the fourth quarter of 1985.

The fourth quarter's truck output was 30.38 percent more than the third quarter's 164,673 and 42.92 percent more than the year-earlier period's 150,226.

December truck production of 64,554 was 12.48 percent below November's 73,755 but 35.95 percent more than the year-ago month's 47,483.

Last week's targeted output of 17,078 trucks was 7.45 percent more than the year-ago week's 15,894.

Car production during the fourth quarter totaled 241,316, 87.20 percent more than the third quarter's 128,910 but 17.14 percent below the year-ago quarter's 291,237.

Last month's production of 73,127 cars dipped 19.05 percent from November's 90,338 and declined 12.96 percent from the year-ago month's 84,018.

Carmakers scheduled 22,851 units last week, 35.90 percent more than the year-ago week's 16,815.

Chrysler Motors' Pillette Road plant in Windsor, Ontario, was idle last week for inventory adjustment.

Truck build rises for quarter

Domestic truck output for the fourth quarter was 969,674, the highest for any fourth quarter since 1978 when 980,442 trucks were assembled.

For the three-month span, output was 7.31 percent more than the third quarter's 903,660 and 18.58 percent above the year-ago quarter's 817,721.

December's production of 285,458 trucks was the highest ever for that month. The previous record was 276,248 in December 1978.

Last month's output was 9.32 percent below November's 314,808 but 12.33 percent more than the year-ago month's 254,121.

Scheduled production of 78,245 trucks last week was 5.25 percent more than the year-ago week's 74,342.

General Motors' Pontiac West plant in Pontiac, Mich., remains idle until Jan. 18 for inventory adjustment.

All Ford plants are scheduled for daily overtime this week.

CANADIAN CAR	Week Ended Jan. 9, 1988	Week Ended Jan. 10, 1987	Week Ended Dec. 26, 1987	Dec. Total	Jan. 1 to Jan. 9, 1988	Jan. 1 to Jan. 10, 1987
CHRYSLER	1,515	150	782	4,441	1,515	150
FORD MOTOR	11,040	11,036	7,058	37,055	11,040	11,036
GENERAL MOTORS	9,616	5,310	5,046	30,065	9,616	5,310
HONDA	590	69	236	1,566	590	69
VOLVO	90	248	0	0	90	248
Total Cars, Canada	22,851	16,815	13,122	73,127	22,851	16,815
U.S. TRUCK*	Week Ended Jan. 9, 1988	Week Ended Jan. 10, 1987	Week Ended Dec. 26, 1987	Dec. Total	Jan. 1 to Jan. 9, 1988	Jan. 1 to Jan. 10, 1987
CHEVROLET	20,430	22,186	13,326	83,327	20,430	22,186
DODGE/PLYMOUTH	7,700	3,866	5,024	26,511	7,700	3,866
FORD	30,414	31,973	18,695	109,243	30,414	31,973
GMC	6,901	6,889	4,478	22,013	6,901	6,889
NAVISTAR	1,800	1,469	1,088	6,150	1,800	1,469
JEEP	5,000	3,854	2,768	15,873	5,000	3,854
NISSAN	3,250	1,755	1,979	10,991	3,250	1,755
AM GENERAL*	450	50	270	1,530	450	50
MISCELLANEOUS*	2,300	2,300	1,380	7,820	2,300	2,300
Total Trucks, U.S.	78,245	74,342	48,008	285,458	78,245	74,342
CANADIAN TRUCK	Week Ended Jan. 9, 1988	Week Ended Jan. 10, 1987	Week Ended Dec. 26, 1987	Dec. Total	Jan. 1 to Jan. 9, 1988	Jan. 1 to Jan. 10, 1987
JEEP	703	606	519	967	703	606
CHRYSLER	6,144	9,113	4,232	30,606	6,144	9,113
FORD	3,496	3,233	2,294	12,294	3,496	3,233
GENERAL MOTORS	6,510	2,738	3,702	19,927	6,510	2,738
NAVISTAR	225	202	132	780	225	202
Total Trks., Canada	17,078	15,894	10,879	64,554	17,078	15,894
U.S., Canada Trks.	95,323	90,236	59,887	350,012	95,323	90,236

—Indicates vendor run production. *—Estimates
Jeep includes commercial only. AM General includes government-contract vehicles.
Miscellaneous includes estimates for Mack, Volvo-White, Kenworth, Peterbilt, Freightliner, Mercedes-Benz, etc.

Continental to have bags

By David Versical
AUTOMOTIVE NEWS STAFF REPORTER

DEARBORN, Mich. — In what apparently will be a first for a domestic manufacturer, Ford Motor Co. will make both driver- and passenger-side air bags standard on the 1989 Lincoln Continental.

Company sources and suppliers confirmed that the dual system will appear on next year's model. Currently, driver-side air bags are available as options on the Ford Tempo and Mercury Topaz.

The move comes after Ford successfully petitioned NHTSA last year for a four-year delay in a rule that would have required automakers to install passenger-side passive restraints on all 1990 models.

The company had argued that the extension would give it more time to develop its preferred form of protection — air bags — instead of using automatic seat belts.

Ford had said earlier that it expected to have the dual air bags in one 1989 model and at least 500,000 driver-side bags in its vehicles by 1990.

"We have to go to passive restraints in one form or another," said one source. "It's easier to make an air bag standard on luxury vehicles."

He explained that the cost of the system will be more easily absorbed in the $26,000 Continental than in a lower-priced model.

While all supplier costs haven't come in yet, the source estimated that the the system wouldn't contribute more than $1,000 to the retail price of the car.

Ford has delivered about 21,000 Tempos and Topazes with the single-air-bag option, and a "vast majority" of those have gone to fleet buyers, a spokesman said.

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Japanese upgrade warranties

Mazda, Mitsubishi, Toyota lead way

By Arthur Flax
AUTOMOTIVE NEWS STAFF REPORTER

Mazda and Toyota fired the first shots and Mitsubishi recently entered the fray in what may become the 1988 version of warranty wars, Japanese style.

Last year, the domestic manufacturers played a game of warranty one-upmanship and introduced six- and seven-year powertrain warranties.

At the start of the 1988 model year, Mazda introduced a three-year/50,000-mile bumper-to-bumper vehicle warranty, and Toyota adopted a three-year/36,000-mile comprehensive car warranty.

In the last month, Mitsubishi announced to its dealers that it will offer a three-year/36,000-mile comprehensive warranty on all Mitsubishi-built cars and trucks. The Hyundai-built Mitsubishi Precis is covered by a separate warranty.

Before 1988, Japanese manufacturers favored comprehensive one-year warranties with an additional two to three years of powertrain coverage and three to five years of corrosion protection.

The major exception was Honda's Acura line, which offered a three-year/36,000-mile comprehensive vehicle warranty along the lines of the European manufacturers with which it competes. Other Japanese manufacturers seem to be following the European model.

Japanese manufacturers are offering longer warranties because "they are trying to find a merchandising advantage or to be competitive with domestic manufacturers' warranties," said George Peterson, president of AutoPacific Group, an auto product marketing and consulting firm in Newport Beach, Calif.

Also, with the cost of Japanese cars rising as a result of the weakened dollar, a longer warranty allows Japanese manufacturers to add value to their vehicles at a low cost.

"As Japanese prices go up, the consumer who might have gone directly to a Japanese maker will cross-shop. Warranty is an advantage, and the dealers are trained to use it," Peterson said.

Japanese manufacturers favor extended complete-vehicle warranties because research indicates consumers like them more than extended powertrain coverage, according to Peterson.

But domestic manufacturers are unlikely to compete head-on with

see WARRANTIES page 6

AUTOMOTIVE NEWS/JOE WILSSENS

ROGER PENSKE

Multi-talented entrepreneur just keeps on growing

By Matt DeLorenzo
AUTOMOTIVE NEWS STAFF REPORTER

DETROIT — Just two weeks into the new year, Roger Penske has brought his scalpel to General Motors' faltering Detroit Diesel subsidiary, unveiled an $18 million state-of-the art retailing facility at the country's largest Toyota dealer, and replaced the familiar Potamkin Cadillac name with Penske signs in New York City.

As Roger Penske — racer, retailer, entrepreneur, super manager — works to digest it all, some wonder if he has attempted too much too fast. Penske doesn't stop long enough to think about it.

It was just two years ago that Penske, better known as a racing guru than businessman, acquired Longo Toyota in California and the heavy-duty truck leasing business of Leaseway Transportation. Last year he added the high-volume Potamkin Cadillac stores in Manhattan and his biggest property yet — 60 percent of the $900 million Detroit Diesel Corp. — a move that takes Penske from his retailing roots into basic manufacturing.

Through it all, Penske is betting that he can do what large bureaucracies couldn't with a lean and mean approach — the leading edge in management today and what Penske contends America needs to regain a competitive advantage over foreign firms.

"The common theme that he (Penske) brings to his businesses is that he runs them effectively," said Roger Vincent, managing director and head of the client group for Bankers Trust. "It is very much a part of the development of corporate America of the future — reducing central staff and the bureaucracy. We are moving into an environment where businesses are getting leaner."

In Detroit last week, Penske himself mused, "For the next 12 months the focus of the company will be to digest the businesses that we have at this point and then review our position going into 1989."

But he added a warning: "We are not going to stay stagnant from the standpoint of growth if there is an economic opportunity."

"I didn't buy this business (Detroit Diesel) to sell it," he added. "We bought the business to grow it. It's going to take a lot of long hours from a lot of people. There's a lot of selling that has to be done."

What lies behind the Penske push?

The central philosophy of the organization is to maximize performance, whether in racing or the boardroom. Penske uses joint ventures to operate in the big leagues, while relying on a handful of key players to get the job done.

see PENSKE, page 54

Japanese, Hyundai face price probes

By Geoff Sundstrom
AUTOMOTIVE NEWS STAFF REPORTER

WASHINGTON — Hyundai Motor Co. of Korea and several Japanese light-truck manufacturers could face heavy U.S. tariffs if General Motors and the U.S. Commerce Department pursue and prove anti-dumping cases against them.

News that both cases are being actively considered came last week as Sen. John Danforth, D-Mo., released a letter to Noboru Takeshita, prime minister of Japan, accusing Japanese automakers of dumping.

The letter was timed to coincide with Takeshita's visit to Washington, but came after several charges that foreign automakers have not raised prices to keep pace with the falling dollar.

If the anti-dumping cases are brought, and if they prove successful, the charges would result in the imposition of penalty tariffs against Japanese and Korean automakers, designed to raise the U.S. prices of their imports.

The Commerce Department case would charge Japanese light-truck manufacturers with selling their products in the United States at prices below the cost of production, according to Washington trade attorneys. The case would be supported by a cost and pricing study of Japanese light trucks now being prepared by the Motor Vehicle Manufacturers Association.

The second action, now under study by GM, would mirror a case brought against Hyundai Auto Canada by General Motors of Canada and Ford of Canada. Last fall, the Canadian government tentatively found Hyundai guilty of under-pricing its Excel model by 37 percent. The Excel currently starts at $5,395 in the United States. Last Friday, Hyundai Motor America raised prices $100 on the base model and $200 on other models.

In anti-dumping cases, an aggrieved industry must first prove that a foreign competitor is pricing its products below cost. The petitioner also must show that the pricing policy has injured domestic industry.

Although a trade adviser to the Automobile Importers of America said the threat of anti-dumping actions may simply be an attempt to scare Japanese and Korean automakers into raising prices, the threat appears to be well orchestrated.

Background for the anti-dumping case

see PROBES, page 51

Toyota, Nissan pickup sales fell over 20% in '87

By Joseph Bohn
AUTOMOTIVE NEWS STAFF REPORTER

Minivans and small sport-utility vehicles drove the light-truck market in calendar 1987, accounting for all of the industry's sales gains.

Compact pickups, once the spark plugs of the light-truck market and still the largest single segment, stumbled for the first time. Their sales decline reflects the Japanese importers' difficulties in competing in the low-price end of this segment.

Hamstrung by the strong yen and a 25 percent import duty, the Japanese are having pricing problems. Their compact pickups once were among the lowest-priced vehicles on the car/truck market.

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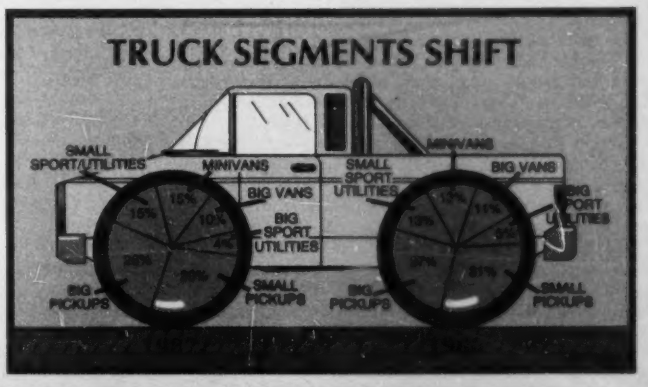

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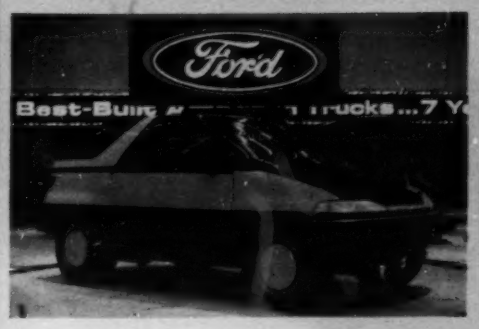

At Detroit show
Highlights of this week's Detroit Auto Show include, clockwise from top: Dodge Dakota convertible modified by American Sunroof; Buick Regal convertible; Lincoln Machete four-passenger luxury coupe with an 0.25 cd; and Ford Bronco DM-1, a five-passenger concept vehicle that has an electronic navigation system and windows that darken automatically.

Automakers discover $2 billion tax bonanza

By Geoff Sundstrom
AUTOMOTIVE NEWS STAFF REPORTER

WASHINGTON — The Big 3 automakers are defending their use of a tax loophole in the 1986 Tax Reform Act that allows them to continue to defer taxes on profits derived from the sale of new vehicles. The saving is estimated at $2 billion for 1987.

Import automakers — apparently unaware of the tax change — were not so fortunate, however, since the loophole required speedy changes in franchise agreements following passage of the 1986 Tax Reform Act.

Senate Finance Committee staffers estimated the Big 3's savings at $2 billion for 1987.

"To my knowledge, only General Motors, Ford and Chrysler will be able to defer taxes on their new cars" that are sold on an installment basis, a tax consultant to the Big 3 said last week.

The "installment" angle stems from the change in the franchise agreement. At GM, for example, a dealer (or his floorplanning source) now pays 90 percent of the invoice price of the vehicle in the ususal way — after expiration of the 20-day delayed-billing period — and the remaining 10 percent when the vehicle is sold. Under the change, the manufacturer also has the option of buying back the vehicle after it has been in the dealer's inventory for nine months.

The tax loophole was created in 1986 to exempt John Deere & Co. from a change in the way installment sales are taxed. Lawmakers approved the Deere exemption after they agreed to abolish the deferral of taxes on profits from goods sold on an installment basis.

According to a report in the Washington Post, the Big 3 were able to take advantage of the tax change because the exemption was vaguely worded to conceal the identity of its intended beneficiary — Deere & Co.

GM, which tax analysts in Washington credit with first recognizing and exploiting the loophole, said in a statement, "It makes sense not to have to pay taxes on a sale until payment for that sale has been received."

A Washington spokesman for GM said "the installment sales tax issue boils down to whether the manufacturer should pay taxes on income from installment sales to dealers before or after completion of payment.

"GM believes the principle of paying taxes as payments are received is a sound one. This principle was recognized in the tax law for over 60 years. We are pleased that Congress has upheld and clarified this principle — adopted as part of the Tax Reform Act of 1986 — with respect to certain sales by manufacturers and their dealers."

Spokesman for Ford and Chrysler said their companies simply acted to take advantage of a one-time change in the tax law that was available to all companies selling through dealers.

In the past, auto manufacturers have been paid in full for the vehicles at the end of the delayed-billing period. Because of that arrangement, and because the former tax law permitted it, automakers could ship cars to dealers in the final days of one year and defer taxes on the sale until they received full payment for the vehicle in the second year.

When the law was changed, Congress sought to require manufacturers, such as Deere, to assume for tax purposes that they were fully paid in the year in which they received their first payment for the shipment. The change pertaining to installment purchases would have had little effect on the Big 3 since the franchise required dealers to pay 100 percent of the cost of a vehicle at the end of the 20-day delayed billing period.

Lawmakers agreed to an exemption, however, for the hard-pressed Deere. And, because they did not want Deere's name in the bill, the exemption was written to allow the tax deferral to continue to apply to any company if it met two criteria: If it offered an installment purchase plan and if it offered a buyback plan for an item in inventory nine months or less. This arrangement was already in force among Deere dealers.

GM, Ford and Chrysler immediately added the nine-month and installment purchase provisions to their franchise agreements in time to qualify for a Jan. 1, 1987 deadline. The change gives the Big 3 the option of buying back a dealer's inventory if the dealer has had possession for at least nine months, such as Deere offered.

The estimated $2 billion in savings for the Big 3 results as a one-time benefit in tax year 1987. The tax can be deferred each year for an indefinite period of time.

BIG BUCKS: *GM adopts new incentives; Ford, Chrysler string along*

By Laura Clark
AUTOMOTIVE NEWS STAFF REPORTER

Saddled with heavy inventories of unsold 1987 and 1988 vehicles, General Motors announced aggressive incentives on 1988 and leftover 1987 cars and trucks for each of its six car and truck divisions.

The move sparked the usual one-upmanship at GM's domestic competitors: Ford Motor Co. extended and added rebates worth $400 to $1,000 on selected cars and $500 on selected trucks, and Chrysler began a new low-financing incentive on its popular minivans and mid-sized Dakota pickup truck.

GM's wide-ranging rebate program was the automaker's second move to spur sales. Two weeks ago, GM announced it would reduce prices on some of its trucks, and provide special introductory offers on its two new GM10 cars, the front-wheel-drive 1988 Pontiac Grand Prix and Oldsmobile Cutlass Supreme.

Auto analyst William Pochiluk of Autofacts said the Big 3 domestic automakers are generally placing incentives on their slowest and fastest selling models to gain or maintain market share in a soft market.

"It's not because of the inventory that has been accumulated so far but the generally soft market (anticipated) in the first quarter," said Pochiluk, who recently completed a study of the effectiveness of automotive incentive programs.

"Incentives are a holding action to prevent the market from cascading downward," he said.

The latest round of incentives includes:

BUICK: Rebates of $400 to $1,000 are offered on selected 1988 models, starting Jan. 12. Buick is offering $400 on Skylark, $750 on Century and LeSabre and

see INCENTIVES, page 51

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Audi throws weight behind 80/90 models

By David Versical
AUTOMOTIVE NEWS STAFF REPORTER

A sluggish launch for the new Audi 80 and 90 has Audi of America looking for ways to increase showroom traffic.

The company has added one television ad that pits the cars directly against BMW and Mercedes-Benz. It also is inviting potential customers on the East Coast for a two-day test drive. And it is preparing a video catalog on the car for inquiring shoppers.

In addition, Audi is exploring ways to guarantee the resale price or somehow ease concerns about the long-term value of its cars.

Company officials have admitted that they've been disappointed by the 80/90 launch. But the models have carried a heavy burden; they are Audi's hopes for reversing the sales decline brought about by the sudden-acceleration issue.

The company has projected 28,000 sales for 1988 models. But in the first two months, just over 1,300 80s and 90s were sold. In an early step to spur interest, the company began a 6.9-percent financing program and a discount leasing offer in late December.

A company spokesman noted, however, that the heaviest portion of the advertising didn't kick in until last weekend. The ad campaign had been phased in sooner than originally planned to coincide with the Nov. 1 sales debut of the new models.

In the print and television spots, memories of childhood thrills — a sleigh ride, for example — are equated to the experience of driving an Audi 90. The new television ad will show a string of Audi 80s and 90s passing a BMW and a Mercedes on a test track. Viewers will be told that Audi's entries have been outselling the BMW 3 series and the Mercedes 190 in Europe.

In the United States, though, the name Audi doesn't rank as high on the prestige ladder as do its German competitors. But the 80 and 90 mark a step into a higher price territory — nearly $28,000 for the top-of-the line 90 Quattro — and some shoppers have apparently been jolted by the price tag.

"The problem that we feel we are having with the car is that we have been bumping up against the price threshold," said one Audi insider. "We are trying to tell people that the quality is there, the performance is there. It's every bit as good as BMW and Mercedes as proven by the sales performance in Europe."

In another move, the Audi Eastern distributor is inviting thousands of potential customers to test drive an Audi for two days. Their only obligation will be to fill out an evaluation form on the car.

If the program is successful, it may be expanded to other parts of the country. A primary aim is to generate some word-of-mouth interest.

The videotaped catalog likely will be sent to people who respond to a mailing by filling out cards for more information, the spokesman said. The program should be in place before April.